

BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF CALIFORNIA

In the Matter of

**GEICO GENERAL INSURANCE  
COMPANY, GEICO INDEMNITY  
COMPANY, GEICO CASUALTY  
COMPANY, and GOVERNMENT  
EMPLOYEES INSURANCE  
COMPANY**

Respondents.

File No. UPA-2008-00006

**STIPULATION AND WAIVER**

GEICO GENERAL INSURANCE COMPANY, GEICO INDEMNITY COMPANY, GEICO CASUALTY COMPANY, AND GOVERNMENT EMPLOYEES INSURANCE COMPANY, (“Respondents”) and the California Department of Insurance (“Department”) stipulate as follows:

WHEREAS, Respondents currently are, and at all times relevant hereto were, insurers licensed to conduct various classes of insurance in California and were conducting insurance business in California at the time of the alleged violations; and,

WHEREAS, on December 16, 2008, the Department issued an “**ORDER TO SHOW CAUSE; STATEMENT OF CHARGES RE VIOLATION OF PRIOR STIPULATION AND ORDER; NOTICE OF MONETARY PENALTY** (the “OSC”) under file number UPA 2008-00006, alleging violations of Insurance Code Sections 758(c), 758.5, 790.03(h)(5) and California Code of Regulations (“CCR”) Sections 2695.7(b)(1), 2695.7(g), 2695.8(f), and 2698.91; and,

WHEREAS, Respondents have denied the allegations of the OSC, but acknowledge that those allegations, if proven to be true, may constitute grounds for the Commissioner to impose a civil penalty and issue an order to Respondents to cease and desist from engaging in those methods, acts, or practices found to be unfair or deceptive pursuant to the provisions of the

Insurance Code of the State of California; and

WHEREAS, the Department and Respondents have discussed Respondents' need to comply with the provisions of the Code and the Department's regulations; and,

WHEREAS, Respondents have implemented various measures to ensure compliance with the Code and Regulations; and,

WHEREAS, the Department and Respondents believe that it is in the public interest to resolve informally all matters raised by certain complaints submitted to the Department and by the OSC without the need for a formal hearing or any further administrative action;

A. This compromise settlement is not an admission of liability, wrongdoing or violation of law. Respondents have agreed to the terms herein in the interest of resolving the matter. Respondents waive their right to a hearing and any and all rights that Respondents may be entitled to pursuant to Chapter 5, Part 1, Division 3, Title 2 of the California Government Code.

B. The Commissioner, by his written order to be made and filed herein, and without further notice to Respondents, orders that Respondents not engage in any methods, acts or practices that are violative of Insurance Code Sections 790.03 and the Fair Claims Settlement Practices Regulations (CCR, Title 10, Chapter 5, Section 2695.1 et seq.), including all specific allegations made in the OSC.

C. Respondents further agree that in lieu of disciplinary action against its Certificate of Authority, and in resolution of the Department's claims under California Insurance Code Sections 704, 790.03 and 790.035, Respondents shall pay the sum of \$10,000.00 (Ten Thousand Dollars) to the State of California. All payments shall be made within thirty (30) days of receipt of an invoice from the Department. Payment shall be mailed to California Department of Insurance, Division of Accounting, 300 Capital Mall, 13th Floor, Sacramento, CA 95814.

D. Respondents acknowledge that, if it violates any of the terms or conditions of this Stipulation and Waiver, the Insurance Commissioner may bring disciplinary action against Respondents to enforce its terms in such manner as may be authorized by law.

E. This Stipulation and Waiver represents a complete resolution of the issues raised

in the OSC referenced above, as well as all complaints against Respondents received by the Department on the issue of labor rates, steering, and paint and materials on or before 60 days after Respondents are served with the Commissioner's Order approving the final settlement of this matter. Complaints received after this 60 day period may be subject to further action by the Department.

F. Respondents acknowledge that this Stipulation and Waiver is a public record under California Government Code Section 11517(d), and that it and any order issued pursuant thereto is accessible to the public pursuant to California Public Records Act, California Government Code Section 6250 et seq. Pursuant to California Insurance Code Section 12968, the Stipulation will also be posted on the Department's internet web site.

G. Respondents acknowledge that California Insurance Code Section 12921 requires the Insurance Commissioner to approve the final settlement of this matter, and that both the settlement terms and conditions contained herein and the acceptance of those terms and conditions are contingent upon the Commissioner's personal approval.

Dated: December 8, 2010

GEICO General Insurance Company,  
Government Employees Insurance  
Company, GEICO Casualty Company, and  
GEICO Indemnity Company

By: \_\_\_\_\_/s/\_\_\_\_\_  
Print Name: Cinda Smith  
Title: Senior Counsel

Dated: December 16, 2010

California Department of Insurance

By: \_\_\_\_\_/s/\_\_\_\_\_  
Teresa Campbell, Senior Staff Counsel